



AMERICAN STORES COMPANY



OFFICERS

WILLIAM PARK *President*
FRED J. HEANEY *Vice-President and
General Manager*
FRED W. JOHNSON *Vice-President*
WM. H. EDEN *Vice-President*
JAMES K. ROBINSON, JR. *Vice-President*
A. J. FAULHABER *Vice-President*
S. A. GOULD *Assistant to the President*
E. A. COLSON *Secretary*
JOHN R. PARK *Treasurer*
S. C. ARCHER *Assistant Treasurer and
Assistant Secretary*
J. V. KEERS *Assistant Secretary*

DIRECTORS

| | |
|-----------------|------------------------|
| SAMUEL ROBINSON | FRED J. HEANEY |
| WILLIAM PARK | JAMES M. SKINNER |
| E. J. FLANIGAN | JAMES K. ROBINSON, JR. |
| JOHN M. HANCOCK | THOMAS H. SHERRARD |
| WILLIAM GOULD | JOHN R. PARK |



TRANSFER AGENTS

The Pennsylvania Company for Banking and Trusts
Philadelphia, Pa.

Bankers Trust Company
New York, N. Y.

REGISTRARS

Liberty Title & Trust Company
Philadelphia, Pa.

City Bank Farmers Trust Company
New York, N. Y.



GENERAL OFFICES: 424 N. 19th Street, Philadelphia 30, Pa.

FIVE YEARS' SUMMARY

American Stores Company and Subsidiaries

| | 52 weeks ended | | | Year ended December 31 | |
|--|-------------------|-------------------|-------------------|------------------------|---------------|
| | March 29, 1952 | March 31, 1951 | April 1, 1950† | 1948 | 1947 |
| Sales..... | \$521,311,126 | \$469,771,090 | \$416,641,132 | \$417,466,738 | \$388,613,836 |
| Earnings before taxes on income.... | 9,971,268 | 11,364,718 | 10,923,520 | 9,432,821 | 9,951,888 |
| Federal and state taxes on income.... | 4,920,000 | 7,250,000 | 1,180,000 | 3,770,000 | 4,030,000 |
| Net earnings..... | 5,051,268 | 7,111,718 | 6,743,520 | 5,662,821 | 5,921,888 |
| Per share: | | | | | |
| Earnings..... | \$3.88 | \$5.16 | \$5.18 | \$4.35 | \$4.55 |
| Dividends..... | 2.00 | 2.00 | 1.70 | 1.75 | 1.75 |
| Stockholders' equity: | | | | | |
| Total..... | 57,409,864 | 51,958,236 | 50,116,128 | 44,108,342 | 40,722,831 |
| Per share | 44.11 | 42.23 | 38.76 | 33.89 | 31.29 |
| Current assets | 65,440,787 | 70,675,951 | 56,865,373 | 55,395,730 | 56,106,502 |
| Current liabilities.... | 26,988,592 | 23,881,900 | 17,471,011 | 16,516,246 | 16,309,710 |
| Working capital | 38,452,195 | 46,791,051 | 39,394,362 | 38,879,484 | 39,796,762 |
| Long-term debt..... | 25,000,000 | 25,000,000 | 15,057,293 | 15,171,879 | 15,229,172 |
| Number of retail stores at year-end: | | | | | |
| Self-service super markets..... | 781 | 773 | 765 | 761 | 708 |
| Other stores | 627 | 732 | 872 | 1,072 | 1,213 |
| Total stores | 1,408 | 1,505 | 1,637 | 1,833 | 1,921 |

† The short period (from January 1 to April 2, 1949) of transition from a calendar year to a fiscal year is not included in the foregoing summary. Earnings for such period amounted to \$1,486,281, or \$1.14 per share.

The Baking Company

TO THE STOCKHOLDERS

The Annual Report on the operations of your Company and its subsidiaries for the fiscal year ended March 29, 1952 is presented herewith.

Sales, Earnings and Dividends

Sales volume for the year set a new record. Total sales of \$521,311,426 showed an increase of \$51,510,336, or 11%, compared with the preceding year. Net earnings amounted to \$5,051,268, or \$3.88 per share, as compared with net earnings of \$7,411,718, or \$5.16 per share, for the year ended March 31, 1951.

While there was a record volume of sales, the rate of earnings before taxes on \$100.00 of sales was \$1.91, compared with \$3.05 in the preceding year. The decline in earnings before taxes resulted from unsatisfactory profit margins due principally to government price controls; in addition, there was a strike of warehouse employees in two areas commencing in March, 1952 and continuing into April, which hampered store operations and adversely affected sales and earnings.

Federal and state taxes on income for the fiscal year amounted to \$4,920,000, as compared with \$7,250,000 in the preceding year, the latter amount including excess profits tax of \$867,000. The current tax provision reflects a net excess profits tax recovery of \$382,000 arising from unused excess profits credit carry-back.

Quarterly dividends totaling \$2.00 per share were paid during the year, the same rate as in the preceding year.

Plant Additions and Improvements

The new warehouse and bakery in Philadelphia were completed and operations in these plants had commenced by the year-end. The Philadelphia area stores are now being served from the new warehouse, and the eight-story warehouse building, which formerly served these stores, will be vacated and sold. The transfer of operations to the new bakery from the two former bakeries has been largely accomplished. One of the former bakery buildings will be sold, while the other will be retained and converted to a maintenance and repair shop for store equipment. The new warehouse and bakery are considered to be among the finest plants of their type. Both in construction and equipment they are designed to serve our retail organization efficiently.

The alteration and addition to the Baltimore warehouse and office now nearing completion will relieve the overcrowded condition which has developed at this plant as a result of increasing tonnage.

The expansion and modernization program with respect to plant facilities which commenced in 1945 has required a heavy capital outlay. Expenditures for additions

and improvements to plant and equipment as well as stores aggregated \$50,685,432 during the period from January 1, 1945 through March 29, 1952, including a total of \$13,816,605 for the year just ended.

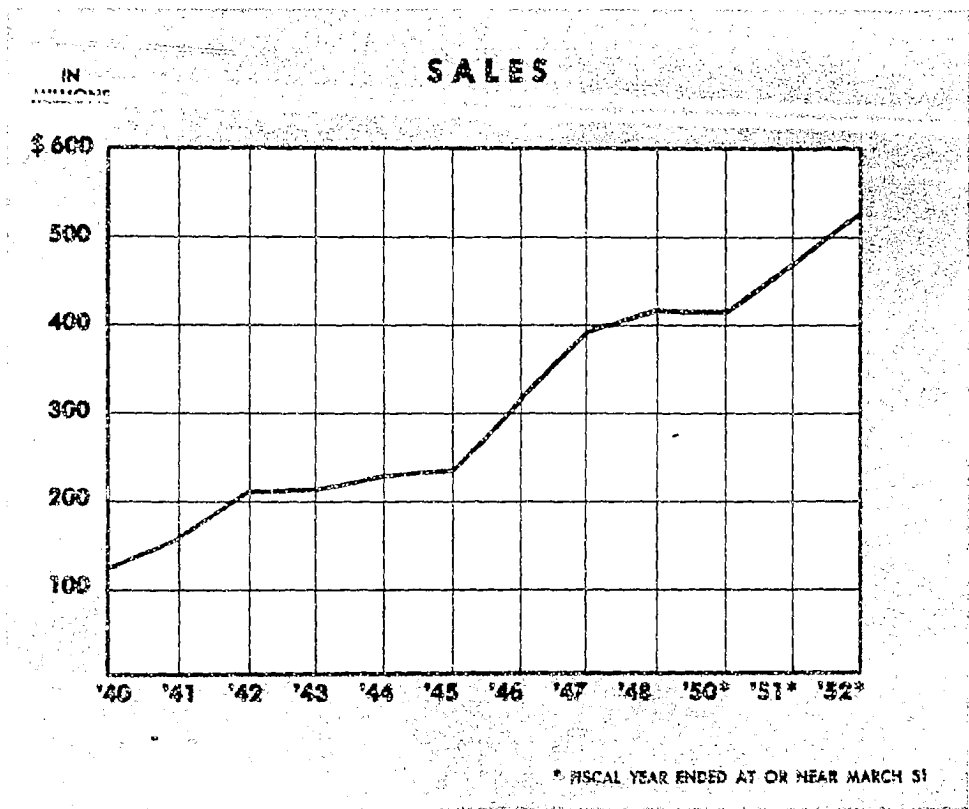
Store Operations

During the year 53 stores were opened and 150 older stores were closed, a net decrease of 97 stores. In addition, many stores were completely remodeled and new fixtures and equipment installed. This program of store modernization and expansion will be continued during the coming year to the extent that governmental restrictions permit and local conditions justify the expenditure required.

At the end of the year there were 1,108 stores in operation, consisting of 781 self-service markets and 627 other stores.

Price Controls

The Company operated under government price controls throughout the fiscal year 1952. Rigid price ceilings accompanied by rising costs and expenses caused a marked decline in profit margins and this experience has been generally shared by the entire



industry. While frequent attempts to obtain reasonable and necessary relief from price control authorities have so far been of little or no avail, there are indications that some relief may be expected. Since most food items are again in ample supply, there seems to be no present justification for price controls on such items.

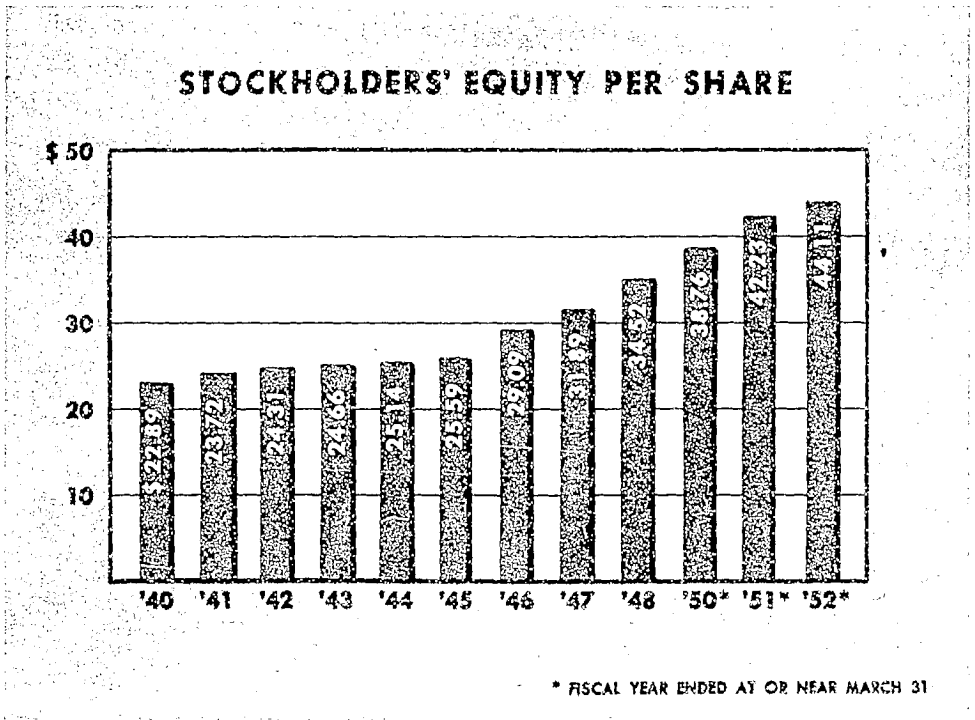
General

With modern, efficient warehouse and bakery facilities and many newly constructed and modernized super markets, the Company intends to continue its aggressive sales policy. The problem of realizing fair and reasonable profit margins under existing conditions is of the first importance and is receiving the constant and careful attention of the management.

We report with deep sorrow the death of Mr. Joseph Gilfillan on October 26, 1951. Mr. Gilfillan was elected to the original Board of Directors in 1917 and he was subsequently appointed general counsel for the Company. He served in those capacities up to the time of his death. Over the years he was an able and faithful adviser to the Company and had an abiding interest in its welfare.

William Park
President

May 28, 1952.



American Stores Company and Subsidiaries

Statement of Consolidated Earnings

Fifty-two weeks ended March 29, 1952

(with comparative figures for preceding period)

| CURRENT EARNINGS | 52 Weeks ended | |
|---|----------------------|----------------------|
| | March 29, 1952 | March 31, 1951 |
| SALES: | | |
| Retail stores | \$510,151,480 | \$460,285,216 |
| Other | 10,859,916 | 9,485,874 |
| | <u>521,311,426</u> | <u>469,771,090</u> |
| COST OF SALES AND OPERATING EXPENSES: | | |
| Cost of merchandise sold, including warehousing and transportation expenses | 442,847,827 | 391,957,526 |
| Wages, rents, advertising, administrative and other operating expenses | 64,087,964 | 59,922,736 |
| Depreciation and amortization | 3,608,025 | 3,030,363 |
| | <u>510,543,816</u> | <u>454,910,625</u> |
| Operating profit | 10,767,610 | 14,860,465 |
| INTEREST ON LOANS, etc. | 824,416 | 522,948 |
| Less miscellaneous income | 31,074 | 27,231 |
| | <u>793,342</u> | <u>495,717</u> |
| Earnings before taxes on income | 9,974,268 | 14,364,748 |
| TAXES ON INCOME, estimated: | | |
| Federal and state income taxes | 5,302,000 | 6,383,000 |
| Federal excess profits tax (1952 reflects refund of \$460,000 based on carry-back provision of law) | (382,000) | 867,000 |
| | <u>4,920,000</u> | <u>7,250,000</u> |
| Net earnings | <u>\$ 5,054,268</u> | <u>\$ 7,114,748</u> |
| EARNINGS RETAINED FOR USE IN THE BUSINESS | | |
| Balance at beginning of period | \$ 36,949,681 | \$ 32,437,573 |
| Net earnings for the period | 5,054,268 | 7,114,748 |
| | <u>42,003,949</u> | <u>39,552,321</u> |
| Dividend dividends—\$2 per share | 2,602,640 | 2,602,640 |
| Balance at end of period | <u>\$ 39,401,309</u> | <u>\$ 36,949,681</u> |

See accompanying notes to financial statements

American Stores Company

Consolidated

March 29, 1952 (with prior periods)

ASSETS

| | March 29, 1952 | March 31, 1951 |
|---|----------------------|----------------------|
| CURRENT ASSETS: | | |
| Cash..... | \$ 11,329,136 | \$ 15,057,378 |
| U. S. Government securities, at cost which approximates market value..... | — | 996,540 |
| Accounts receivable..... | 2,592,562 | 2,318,464 |
| Claim for refund of excess profits tax, estimated..... | 460,000 | — |
| Inventories, at lower of cost or market..... | 51,059,089 | 52,303,569 |
| Total current assets..... | <u>65,440,787</u> | <u>70,675,951</u> |
| Mortgages and miscellaneous investments..... | 174,984 | 204,280 |
| PLANT AND EQUIPMENT: | | |
| Land..... | 2,450,353 | 2,317,639 |
| Buildings..... | 20,613,696 | 16,506,899 |
| Machinery, equipment and fixtures..... | 34,862,234 | 28,242,831 |
| Leasehold improvements..... | 3,495,651 | 2,646,460 |
| Total plant and equipment, at cost.... | <u>61,421,934</u> | <u>49,713,829</u> |
| Less accumulated depreciation and amortization..... | <u>19,086,364</u> | <u>17,047,822</u> |
| | <u>42,335,570</u> | <u>32,666,007</u> |
| Goodwill..... | 1 | 1 |
| Prepaid expenses and deferred charges..... | 2,032,489 | 1,195,440 |
| | <u>\$109,983,831</u> | <u>\$104,741,679</u> |

NOTES TO FINANCIAL STATEMENTS:

NOTES PAYABLE, DUE 1954-67. The notes are payable in annual instalments of \$1,125,000 from 1954 to 1966 inclusive with a final maturity of \$10,375,000 on August 1, 1967. Interest on \$7,500,000 is at the rate of 2½% per annum and on the remaining \$17,500,000 at 3% per annum. The notes contain restrictions as to the payment of cash dividends on common stock and the reacquisition and retirement of shares of stock of the company. Of the earnings retained for use in the business at March 29, 1952, an amount of \$20,558,920 is free of the said restrictions.

LEASE COMMITMENTS: At March 29, 1952 the company and its subsidiaries had 606 leases expiring more than three years after that date. Such leases call for minimum annual rentals totaling \$3,977,000, of which about 16% relates to leases expiring within 10 years and the remainder relates to leases expiring in from 10 to 15 years.

and Subsidiaries

Balance Sheet

(Comparative figures for 1951)

LIABILITIES AND STOCKHOLDERS' EQUITY

| | <u>March 29, 1952</u> | <u>March 31, 1951</u> |
|--|-----------------------------|-----------------------------|
| CURRENT LIABILITIES: | | |
| Notes payable to banks..... | \$ 5,500,000 | — |
| Accounts payable..... | 11,820,446 | \$12,141,150 |
| Accrued expenses..... | 3,483,159 | 3,785,352 |
| Federal and state taxes on income, estimated... | 6,184,987 | 7,958,398 |
| Total current liabilities..... | <u>26,988,592</u> | <u>23,884,900</u> |
| Notes payable, due 1954-67..... | 25,000,000 | 25,000,000 |
| Provision for employees' retirement income benefits | 585,375 | 898,543 |
| STOCKHOLDERS' EQUITY: | | |
| Common stock without par value. Authorized 1,500,000 shares; outstanding 1,301,320 shares | 18,008,555 | 18,008,555 |
| Earnings retained for use in the business..... | 39,401,309 | 36,949,681 |
| | <u>57,409,864</u> | <u>54,958,236</u> |
| | <u><u>\$109,983,831</u></u> | <u><u>\$104,741,679</u></u> |

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

THE BOARD OF DIRECTORS

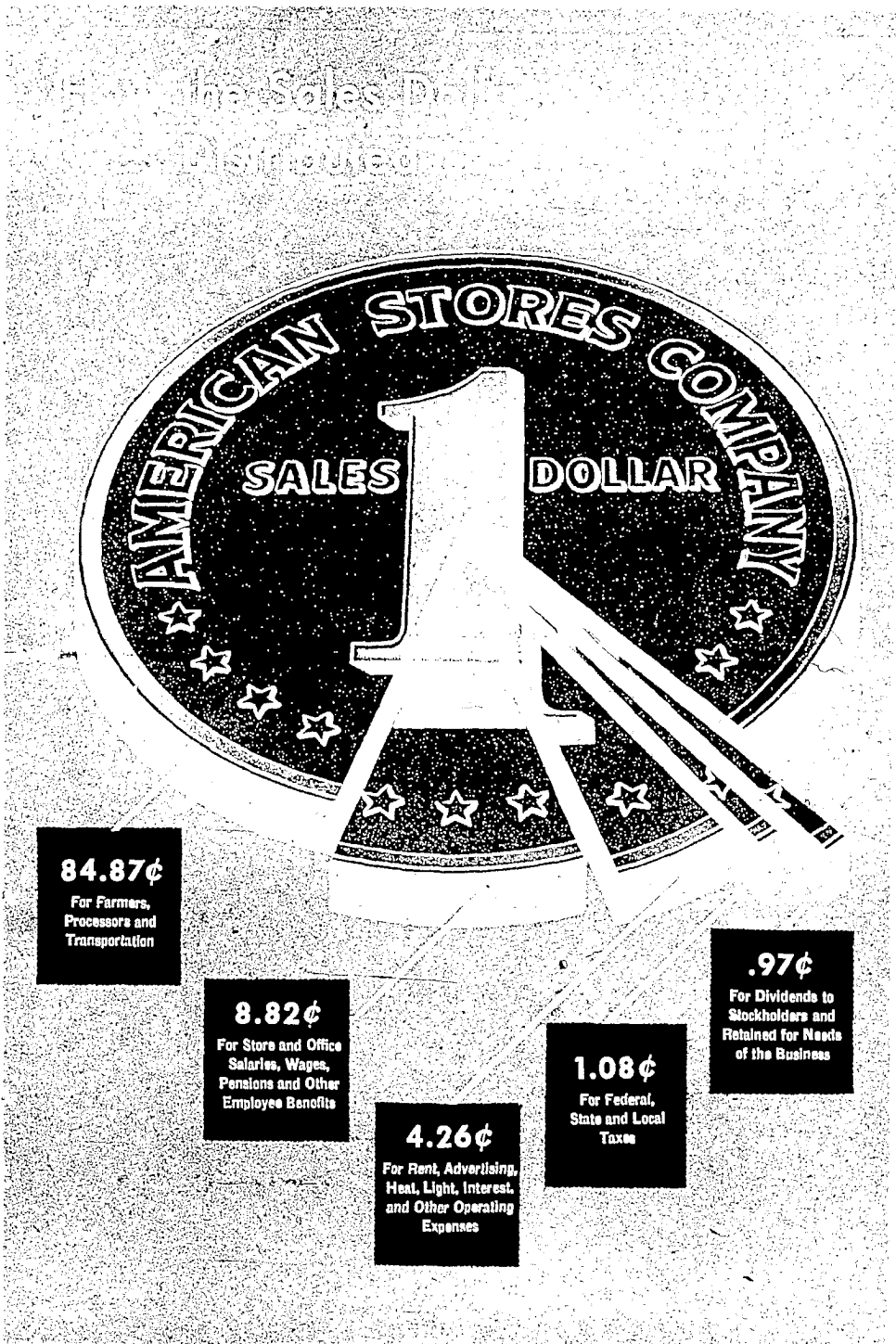
AMERICAN STORES COMPANY:

We have examined the consolidated balance sheet of American Stores Company and subsidiaries as of March 29, 1952, and the related statement of earnings for the fifty-two weeks then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

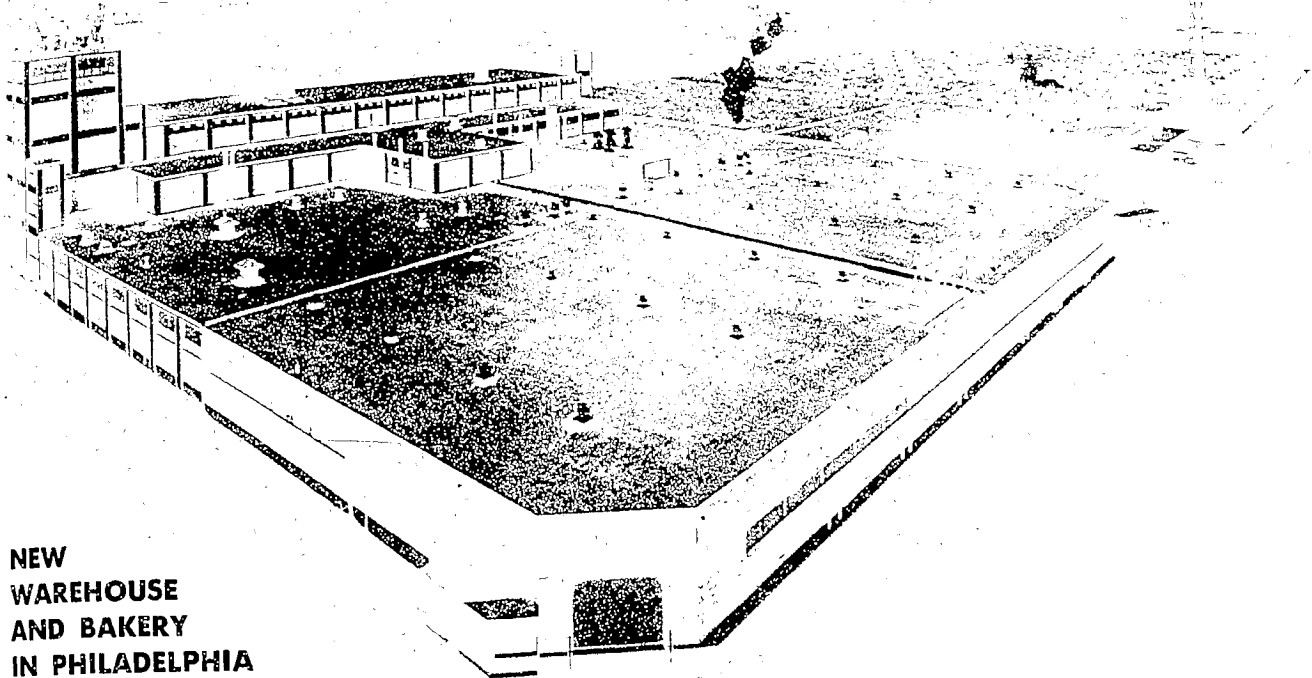
In our opinion, the accompanying consolidated balance sheet and statement of consolidated earnings present fairly the financial position of American Stores Company and subsidiaries at March 29, 1952 and the results of their operations for the fifty-two weeks then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding period.

PEAT, MARWICK, MITCHELL & CO.

Philadelphia, Pa.
May 21, 1952



NEW WAREHOUSE AND BAKERY IN PHILADELPHIA



This plant is now in operation. It embodies the latest methods of material handling and bread and cake baking. The plant site consisting of 34.5 acres is on the main line of the Pennsylvania Railroad and the building has a total floor space of 780,000 square feet.



By means of the warehouse selection line, store orders are filled from stacks of merchandise arranged in a carefully planned sequence and a towline pulls the loaded selection trucks to the shipping platform.

In the bakery Supreme bread moves over automatic conveyors from the final operation of slicing and wrapping to the shipping department.



ed in U.S.A.

